



Health
Budgets &
Financial
Policy



2010 UBO/UBU Conference

Briefing: **Financial
Management** **Regulation**
as It Applies **to the MSA**

Date: **23 March 2010**

Time: **1300 - 1350**



- Provide a general overview of the DoD Financial Management Regulations (FMR) applicable to the Medical Services Account
- Focus on the volumes and chapters of the FMR most relevant for the compliant operation of the MSA Office





Introduction to the FMR

- The Department of Defense Financial Management Regulation (DoD FMR) is issued under the authority of DoD Instruction 7000.14, “DoD Financial Management Policy and Procedures”
- The DoD FMR directs statutory and regulatory financial management requirements, systems, and functions for all appropriated and non-appropriated, working capital, revolving, and trust fund activities





Introduction to the FMR (Cont'd)

- The DoD FMR applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the DoD, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as “DoD Components”)





FMR Content Overview

- The FMR should be the first regulation the MSAO references for guidance.
- The 15 volumes (and sub-volumes) that make-up the FMR will be referenced by the MSAO at sometime during their tenure in the MTF:
 - 1 General Financial Management Information, Systems and Requirements
 - 2A Budget Formulation and Presentation (Chapters 1-3)
 - 2B Budget Formulation and Presentation (Chapters 4-19)
 - 3 Budget Execution – Availability and Use of Budgetary Resources
 - 4 Accounting Policy and Procedures
 - 5 Disbursing Policy and Procedures
 - 6A Reporting Policy and Procedures
 - 6B Form and Content of the Department of Defense Audited Financial Statements





FMR Content Overview (Cont'd)

- 7A Military Pay Policy and Procedures – Active Duty and Reserve Pay
- 7B Military Pay Policy and Procedures – Retired Pay
- 7C Special Military Pay/Personnel Programs and Operating Procedures
- 8 Civilian Pay Policy and Procedures
- 9 Travel Policy and Procedures
- 10 Contract Payment Policy and Procedures
- 11A Reimbursable Operations, Policy and Procedures
- 11B Reimbursable Operations, Policy and Procedures – Working Capital Funds (WCF)
- 12 Special Accounts, Funds and Programs
- 13 Nonappropriated Funds Policy and Procedures
- 14 Administrative Control of Funds and Antideficiency Act Violations
- 15 Security Assistance Policy and Procedures





Volume 1 – General Financial Management Information, Systems, and Requirements

Chapter 4 – Standard Financial Information Structure (SFIS) is a common business language that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise

Chapter 9 – Financial Records Retention applies to all DoD Components

- *All financial records, both paper and electronic, must be maintained in accordance with the period specified in authorized records schedules as defined by the National Archives and Records Administration (NARA), General Records Schedule 7 Expenditure Accounting Records (“6 years and 3 months after the close of the fiscal year involved”)*

NARA General Records Schedules available at:
<http://www.archives.gov/records-mgmt/ardor/>

- *(Also reference Volume 5, Chapter 21 – Disbursing Office Records)*





Volume 4 – Accounting Policy and Procedures

Chapter 2 – Accounting for Cash and Fund Balances with Treasury

Safeguard funds; change fund custodians

Chapter 3 – Receivables

Receivables Policy and Procedures

Admin charges, penalties, interest (Annex 1)

Public Receivables

Delinquent receivables policies and processes

Intergovernmental Receivables

Internal controls – separation of duties





Volume 5 – Disbursing Policy and Procedures

Chapter 1 – Purpose, Organization and Duties

- *Duties and Authority*
- *Accountability and Responsibility*
 - *Internal controls (Para 010507)*
 - *Separation of duties (Para 010507B)*

Chapter 2 – Disbursing Offices, Officers and Agents

Chapter 3 – Keeping and Safeguarding Public Funds

Chapter 5 – Deposit and Transfer of Public Funds

Chapter 6 – Physical Losses of Funds, Erroneous Payments and Overages

Chapter 10 – Collections

Chapter 11 – Disbursements





Chapter 19 – Disbursing Officer Accountability Reports

Chapter 21 – Disbursing Officer Records

*Chapter 27 – Safekeeping of Funds and Valuables (for
Personnel and Morale and Welfare Activities)*

Chapter 28 – Management and Collection of Individual Debt

Chapter 29 – Collection of Out-of-Service Debts

Certification Statement of MSAO

Chapter 30 – Debt Collection by Offset

*Chapter 31 – Debt Compromise, Suspension, Termination,
Remission and Waiver*

*Chapter 33 – Departmental Accountable Officials, Certifying
Officers and Review Officials*

Appendix A – Cash Verification





Volume 11A – Reimbursable Operations, Policy and Procedures

Chapter 1 – General Reimbursement Procedures and Supporting Documentation

Chapter 4 – User Fees

Appendix 1 – Benefits for Which No Fee Shall Be Assessed

Appendix 2 – Schedule of Fees and Rates

Chapter 6 – Annual Reimbursable Rates

(available on Comptroller's Web Page:

<http://comptroller.defense.gov/rates/index.html>)





Volume 12 – Special Accounts, Funds and Programs

*Chapter 7 – Financial Liability for Government Property Lost,
Damaged or Destroyed*

Chapter 19 – Food Service Program





Disbursing Policy and Procedures

Volume 5 of the FMR is the “I-Ching” for the MSAO, filled with definitive guidance for almost every conceivable situation related to financial operations.





Collection Agents - Volume 5, Chapter 2

Establishment of Positions

- The MTF Commander may establish a collection agent position to receive funds derived from functions such as hospitalization fees and other charges at medical facilities. (Para 020701)

Appointment to Position (Para 020702)

- Individual collection agents must be appointed in writing by the hospital commander. The appointment order may remain in effect through succeeding commanders
- Considered an inherently governmental function (Federal Acquisition Regulations) and may not be occupied by a contract employee
- Collection agents may not serve concurrently in any other accountable position and may not be charged with the handling or custody of any other funds





Appointment to Position

- Appointment orders issued by the hospital commander must include acknowledgement by the custodian their responsibility to safeguard the funds provided and are pecuniary liable for any loss in the change fund. (Para 0208)
- Change fund custodians may not serve concurrently in any other accountable position and may not be charged with the handling or custody of any other funds. (Para 020803)





Safeguarding Public Funds - Vol 5, Ch 3

- The MTF Commander is responsible for ensuring the MSA/Treasury has:
 - adequate physical security to protect assets entrusted to the MSA (cash, checks, money orders)
 - safes, vaults or strong box IAW Para 030304A
 - intrusion detection system(s)/Panic Button
 - an armed security escort to and from bank (Para 030302A5) or an armored car pick-up service
 - a periodic review of the adequacy of the security measures being used and testing security equipment for proper operation on a semiannual basis





Safeguarding Public Funds - Vol 5, Ch 3

- MSAO responsibilities:
 - Safeguard all public funds collected
 - May be held pecuniary liable for loss of funds
 - May not lend, use, or exchange public funds in your possession for other funds (except as allowed by law)
 - Ensure written and oral instructions are issued to all deputies, agents, cashiers and custodians regarding the proper care and handling of cash and other accountable documents, with signed acknowledgement from each accountable individual attesting to receipt of such instructions





Safeguarding Public Funds - Vol 5, Ch 3

- Ensure access to the MSA/Treasury is restricted and clearly marked with **AUTHORIZED PERSONNEL ONLY** signs
- Vaults and safes are inaccessible to unauthorized persons
- The combinations of all vaults, safes and fund containers are changed at least once every 6 months and upon relief, transfer or separation of accountable individual
- Quarterly Cash Verification (Para 030201) - unannounced physical count of cash, negotiable instruments conducted by disinterested individual(s)





Deposit Requirements - Vol 5, Ch 5

- The deposit of all funds received for credit to the account of the Department of the Treasury shall be made without delay (para 050201)
- Receipts (funds) of \$5K or more shall be deposited daily
- When receipts are less than \$5K, they may be accumulated and deposited when the total reaches \$5K
- Deposits shall be made by **THURSDAY** of each week, regardless of the amount accumulated





Management and Collection of Individual Debt Vol 5, Ch 28

Legislative Authority – Debt Collection Act of 1982 and Federal Claims Collection Standards (FCCS)

- All organizations involved in the collection and management of individual debts will establish and maintain internal controls to ensure debts owed to DoD are aggressively managed and collected.
(Para 280103)
 - Lump sum collection
 - Administrative offset
 - Repayment through installment plan
 - Debtor must sign a legally enforceable repayment agreement
 - A minimum \$50 per month
 - Debt must be completely paid off within 36 months or less
 - Missed payments: account subject to immediate transfer for collection (due process)





- Volume 5 of the DoD FMR is the MSA's "go-to" document
 - As agent of the disbursing officer, the MSAO must be appointed on written orders (Ch 2)
 - May NOT be a contract employee (Ch 2)
 - Must safeguard funds from loss of theft (Ch 3)
 - Establish and maintain a change fund (Ch 2)
 - Establish internal controls to ensure compliant MSA operations (Ch 1)
 - Ensure timely deposit of collections (Ch 5)
 - Ensure accounts receivable are diligently and aggressively managed (Ch 28)





Questions??